

## **Irvington Seeks Return to State Aid Program**

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IRVINGTON -- Facing a \$6.5 million budget shortfall, Irvington will try to rejoin the state Distressed Cities Program to avert a large tax increase for property owners or a massive layoff of municipal employees, Mayor Wayne Smith said yesterday.

"We cannot afford to go back to the taxpayers. And laying people off would reduce services," the mayor said. "We are at a quagmire."

Taxes went up about an average of \$400 last year.

The program, which requires oversight of municipal finances by the state Department of Community Affairs, provides extra funding to urban cities. In the past, Irvington has received as much as \$9 million in Distressed Cities funds to close its budget gap.

The mayor said he will try to get as much as he can to lower the taxes on the budget he introduced last month. The proposed \$87.2 million is about \$1.2 million more than the current budget. The township council adjourned a hearing on the budget Tuesday until its Dec. 27 meeting.

After months of delay, Irvington did not adopt its 2006 budget until May. But Smith said the new budget should be adopted next month.

Lauding the Smith administration's improved tax collection and turnaround on finances, the state released the township from the Distressed Cities Program in January 2005.

North Ward Councilman David Lyons, a frequent critic of the mayor, said the release came too soon.

"Wayne Smith jumped the gun," Lyons said. "He didn't want the state oversight that goes with the extra money."

Lyons said Irvington has slipped further into debt by the administration's financial inadequacies. He criticized the mayor for hiring too many employees and not having a more sound financial plan.

"In the last two years, there's been a \$25 million shortfall," Lyons said. "They've been able to close it, but at the expense of taxpayers." Last year, \$12.5 million in municipal bonds were refinanced, saving the township \$3.5 million. But Lyons said taxpayers will pay more in the long run.

Smith, however, blamed the township's financial woes on hard economic trends, such as a slumping housing market and rising costs of employee wages.

"Our development is proceeding, but slowed by the economy," he said. "If people start to go into foreclosure, it will impact tax collection."

Smith said Irvington's participation in the Distressed Cities Program is determined by the Local Finance Board and not the township. Release from the program is also determined by the board, he added.

He said he and other township officials will meet with the state next week in an effort to get back into the program.

"We are hopeful the state will hear our plea," Smith said. "We have to be mindful if the taxes are too high, people won't buy."

The year has also been troubling for Irvington because of the recent revaluation of properties, the first in almost three decades, Smith said.

Faheem Ra'Oof, chief financial officer for the township, said the revaluation followed the familiar pattern, about one third of property owners tax assessments went down, a third went up and a third remained unchanged. But the hardest hit were owners of commercial properties and multi-family houses, he said.

About 200 property owners went through the appeal process, with most getting minor adjustments in the tax bills, Ra'Oof said. Appeals of about 300 commercial property owners are pending, he said.